BRANDING

What is Branding?

- Identifying products and distinguish them from competitor's products
  - Names
    - *Keebler* is a TRADE NAME – the name that identifies a company or organization; *Town House Classic Crackers* is a BRAND NAME – the part of a brand that can be spoken, such as a word, phrase, letter, number, or any combination thereof
    - In some cases, the trade name and brand name are the same, such as with *Hershey* – Hershey is the name of the company and the name associated with many of the company's products.
  - Symbols/Designs/Brand Marks
    - The hollow tree is the symbol for Keebler – it cannot be spoken but identifies the brand
  - Trade Characters
    - The *Keebler Elves* personify the Keebler brand

What is Branding?

- An ongoing decision-making process about the use of brands
  - Brands begins with the business's decision about whether a brand will be used
  - Continues thoughout the existence of the brand
  - Each business will follow its own particular sequence of steps based on the organization, its needs, and objectives

Characteristics of a Good Brand Name

- The name should describe the product's benefits and use(s)
- The name should convey what the product does for the consumer or how it works.
  - EXAMPLE: The name Jiffy Lube gives consumers the impression that their motor oil will be changed quickly, which benefits them by saving time.
- The name should be easy to read, pronounce, and remember
  - Makes the product easy to recognize
- Effective names are often brief
  - EXAMPLES: Joy, Raid, Tide

Characteristics of a Good Brand Name

- The name should create images which are appealing and desirable to consumers
  - It should make people want to buy the product
  - EXAMPLE: Lean Cuisine is an appealing brand name to consumers who are seeking a low-calorie, high-quality meal.
- The name should be distinctive
  - Should set the product apart from other products by not being too common or too similar to those used by competitors
  - Should be appropriate and even clever, if possible
  - EXAMPLE: "A Touch of Butter"
- The name should be adaptable to multinational marketing
  - The name needs to be easy to pronounce in all countries where the product will be marketed
  - EXAMPLE: Kodak and Exxon are easy to pronounce by people who speak other languages

Characteristics of a Good Brand Name

- Name should be adaptable to the passage of time
  - A successful brand name should not be associated with a specific period of time
  - EXAMPLES: Arrow Shirts and A-1 Sauce are brand names created before 1900, yet their names are not dated; rather, they are neutral and have with stood the test of time
- The name should be legally available for use
- The firm needs to make sure the brand name is not the property of another company
  - It is illegal to use another company's brand name
  - Companies need to avoid choosing names that are identical or confusingly similar to the names of other products

Characteristics of a Good Brand Name

- The name should be appropriate for packaging and advertising
  - Space Limitations in Media and on Product Labels, the Brand Name Should Not Be Too Long
  - Since Brief Names Allow Better Spacing on a Billboard, Can or Box, They Are More Graphically Pleasing And Therefore More Noticeable.

Some Brand Names Are Exceptions

- Hyundai
  - Difficult to read and to pronounce
  - Doesn't describe the product's benefits
  - Doesn't create a particular image.
  - It is distinctive and has proved to be very effective in raising consumer awareness, thereby increasing sales.

Why Brand?

- Without brands, consumers couldn't tell one product from another, and advertising would be nearly impossible
- Role of Branding
  - Brands offer instant recognition and identification
  - Brands promise consistent, reliable standards of quality, taste, size, or psychological satisfaction
  - Brands must be built on differences in images, meanings and associations
    - Manufacturers must differentiate their products and deliver value competitively
  - Advantages
    - For consumer: reduce shopping time
    - For advertiser: builds *brand equity*
      - Totality of what consumers, distributors, dealers, and competitors feel and think about the brand over an extended period of time
      - Offers customer loyalty, price inelasticity, and long-term profits to the marketer

Deciding Whether or Not to Brand

- Since branding is an expensive process, companies must make sure that their investment will be worth the effort
- Involves researching, developing, and marketing new brands
- Can cost $20 to $50 million

Use of Brands

- Brands offer instant recognition and identification
  - Familiar, memorable brand names encourage purchase
    - People are more apt to purchase brands whose names are clever and attention-getting, or which are brief and easy to remember
    - Brands are assets to the companies that own them
  - EXAMPLE: We know by the brand name on the label that the tube of toothpaste we've picked up is "Close Up" rather than

Use of Brands

- Brands promise consistent, reliable standards of quality, taste, size, or psychological satisfaction
  - Consumers believe any new products sold under the same brand will have the same quality
  - The brand adds value to these products
    - Consumers associate brands with a certain price level, performance, or sense of comfort
    - EXAMPLE: Consumers expect one can of Coke to be basically the same as all the others on the shelf.
- Brands make buying easier for consumers
  - Consumers usually buy brands with which they are familiar
  - This saves them a lot of time and effort because

Use of Brands

- Brands must be built on differences in images, meanings, and associations
  - When consumers feel good about brands, they buy them
    - EXAMPLE: Compare your feelings about a jaguar with your feelings about a Yugo

Use of Brands

- Brands benefit the business
  - Successful brands help create and reinforce a positive company image
  - EXAMPLE: Think about how closely we associate IBM personal computers with a strong, positive, company image. This has strengthened IBM's position in the marketplace.

Stages of Brand Loyalty

- **Brand Recognition**
  - Occurs when a new brand is introduced and becomes recognized by consumers
  - People are made aware of the brand through promotional media and the distribution of coupons or free samples
- **Brand Preference**
  - Occurs after the brand has been purchased, and consumers are satisfied with it
  - During this stage, consumers prefer to purchase a brand based on their positive experience with that brand
  - If the brand is not available, the consumer will purchase another brand
- **Brand Insistence**
  - During this stage, consumers insist upon using “their” brand and will not accept a substitute
  - Most brands do not make it to this stage

Businesses Benefit from Brand Loyalty

- This is evidence by repeat sales and pre-sold items
- When consumers get into the habit of buying certain brands, they automatically buy them again, thereby reducing the amount of time needed to make a sale
- The obvious goal of all marketers is to build a high degree of loyalty for their brands

Problems with Brands

- The number of brands can be confusing and overwhelming
- There are too many similar brands on the market
- Brands may be priced higher than unbranded products
- Brands can be harmful to a company
  - An unsuccessful brand can harm a company's image and/or sales
  - Consumers may associate a failing brand with other brands owned by the same company
  - May view the company in a negative way
  - May lose confidence in the company
  - May resist buying any of the company's brands in the future
- Brand name may be different from the trade name

Problems with Brands

- Brands are expensive to develop, package, and promote
  - These costs are passed on to the consumer in higher retail prices
- Some people believe that branding contributes to materialism in society
  - Materialism is an attitude that places a lot of importance on the things people own
  - Consumers' efforts to purchase brands that will enhance their status is, therefore, said to contribute to materialism

Deciding What Category Of Brands To Use

- Some of the questions the business might ask include
  - Can the product be easily identified by a brand?
    - Branding doesn't work well for products that are too much like other products
  - Are their funds to promote the brand?
  - Will the brand be profitable?
  - Does the firm have the necessary personnel?
- When the answers to these questions are negative, the business may choose to sell the product without a brand
  - Generic items are unbranded products that are plainly packaged
  - EXAMPLES: paper towels & bulk foods

Types of Brands

- Individual Brands
  - Assign a unique name to each product a manufacturer produces
  - Companies designate distinct target markets for each product and develop a separate image for each brand
  - Very costly
  - Example: Unilever markets its toothpastes individually as Aim, Pepsodent, and Close-Up

Types of Brands

- Family Brands
  - Marketing of various products under the same umbrella name
  - Cost effective, but a bad product line can hurt the whole family
  - Example: Heinz promotes its ketchup in hopes that consumers will buy its other products

Types of Brands

- National (or Manufacturer's) Brands
  - Product brands are marketed in several regions of the country
  - Expensive for manufacturers to market
  - Example: Coca-Cola

Types of Brands

- Private Labels
  - Personalized brands applied by distributors or dealers to products supplied by manufactures
  - Typically sold at lower prices in large retail chain stores, such as Sears, K-Mart, Wal-Mart
  - Example: Kenmore, Craftsman, Western Family

Types of Brands

- Licensed Brands
  - Brand names that other companies can buy the right to use
  - Example: Coca-Cola clothing, Porsche sunglasses, Mickey Mouse watches

Brand Strategies & Positioning

- Brand strategies are the actions a business takes with a brand in order to accomplish its goals
  - Effective use of brand strategies helps to make brands more successful
  - Brand owners must evaluate their brand strategies in order to determine whether the strategies are correct, require adjustment, or need to be changed altogether
- The marketer then sets out to create the image appropriate to the brand's position
  - Brand positioning is defined as the way consumers see the brand as compared to competitive brands
  - Often based on the product's quality
    - The highest degree of excellence in its category (e.g., Rolex watch)
    - Moderate quality (e.g., Timex watch)
  - A marketer's goal in considering brand positioning is to try to establish the POINT OF DIFFERENCE --- the factor that separates the brand form its competition
    - Example: Lever Brothers positions Wisk as a tough-stain remover, and Proctor & Gamble positioned Cheer as a detergent that cleans in hot or cold water

Brand Repositioning

- Re-evaluating the brand's characteristics, quality, and benefits, and making necessary changes in order to change the way in which consumers see the brand
- As a brand matures, the business needs to update it
- It is often necessary to make physical changes to modernize a brand
- By updating the brand, the business can make the brand more appealing to the consumer and increase brand sales

Packaging

- Can determine the outcome of retail shelf competition
  - Package should be exciting, appealing, and functional
- Considerations in package design
  - Identification
    - Unique combination of trade name, trademark, or trade character, reinforced by package design, quickly identifies the product's brand and differentiates it from competitors
    - Packages must offer high visibility and legibility
    - Package quality largely determines consumer's perception of the product's quality
  - Containment, Protection, and Convenience
    - Basic purpose of packaging is to hold and protect the product and make it easy to use
    - Packages must adhere to legal protection requirements
    - Packages should be easy to stack and display (for retailers) and easy to carry, open, and store (for consumers)
  - Consumer Appeal
    - Results from size, color, material, and shape of packaging; environmental awareness
  - Economy
    - Cost of identification, protection, convenience, and consumer appeal add to basic production costs